

1 AN ACT in relation to taxation.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Use Tax Act is amended by changing
5 Section 3-5 as follows:

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)

7 Sec. 3-5. Exemptions. Use of the following tangible
8 personal property is exempt from the tax imposed by this Act:

9 (1) Personal property purchased from a corporation,
10 society, association, foundation, institution, or
11 organization, other than a limited liability company, that is
12 organized and operated as a not-for-profit service enterprise
13 for the benefit of persons 65 years of age or older if the
14 personal property was not purchased by the enterprise for the
15 purpose of resale by the enterprise.

16 (2) Personal property purchased by a not-for-profit
17 Illinois county fair association for use in conducting,
18 operating, or promoting the county fair.

19 (3) Personal property purchased by a not-for-profit arts
20 or cultural organization that establishes, by proof required
21 by the Department by rule, that it has received an exemption
22 under Section 501(c)(3) of the Internal Revenue Code and that
23 is organized and operated primarily for the presentation or
24 support of arts or cultural programming, activities, or
25 services. These organizations include, but are not limited
26 to, music and dramatic arts organizations such as symphony
27 orchestras and theatrical groups, arts and cultural service
28 organizations, local arts councils, visual arts
29 organizations, and media arts organizations. On and after the
30 effective date of this amendatory Act of the 92nd General
31 Assembly, however, an entity otherwise eligible for this

1 exemption shall not make tax-free purchases unless it has an
2 active identification number issued by the Department.

3 (4) Personal property purchased by a governmental body,
4 by a corporation, society, association, foundation, or
5 institution organized and operated exclusively for
6 charitable, religious, or educational purposes, or by a
7 not-for-profit corporation, society, association, foundation,
8 institution, or organization that has no compensated officers
9 or employees and that is organized and operated primarily for
10 the recreation of persons 55 years of age or older. A limited
11 liability company may qualify for the exemption under this
12 paragraph only if the limited liability company is organized
13 and operated exclusively for educational purposes. On and
14 after July 1, 1987, however, no entity otherwise eligible for
15 this exemption shall make tax-free purchases unless it has an
16 active exemption identification number issued by the
17 Department.

18 (5) Until July 1, 2003, a passenger car that is a
19 replacement vehicle to the extent that the purchase price of
20 the car is subject to the Replacement Vehicle Tax.

21 (6) Until July 1, 2003, graphic arts machinery and
22 equipment, including repair and replacement parts, both new
23 and used, and including that manufactured on special order,
24 certified by the purchaser to be used primarily for graphic
25 arts production, and including machinery and equipment
26 purchased for lease. Equipment includes chemicals or
27 chemicals acting as catalysts but only if the chemicals or
28 chemicals acting as catalysts effect a direct and immediate
29 change upon a graphic arts product.

30 (7) Farm chemicals.

31 (8) Legal tender, currency, medallions, or gold or
32 silver coinage issued by the State of Illinois, the
33 government of the United States of America, or the government
34 of any foreign country, and bullion.

1 (9) Personal property purchased from a teacher-sponsored
2 student organization affiliated with an elementary or
3 secondary school located in Illinois.

4 (10) A motor vehicle of the first division, a motor
5 vehicle of the second division that is a self-contained motor
6 vehicle designed or permanently converted to provide living
7 quarters for recreational, camping, or travel use, with
8 direct walk through to the living quarters from the driver's
9 seat, or a motor vehicle of the second division that is of
10 the van configuration designed for the transportation of not
11 less than 7 nor more than 16 passengers, as defined in
12 Section 1-146 of the Illinois Vehicle Code, that is used for
13 automobile renting, as defined in the Automobile Renting
14 Occupation and Use Tax Act.

15 (11) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by
17 the purchaser to be used primarily for production agriculture
18 or State or federal agricultural programs, including
19 individual replacement parts for the machinery and equipment,
20 including machinery and equipment purchased for lease, and
21 including implements of husbandry defined in Section 1-130 of
22 the Illinois Vehicle Code, farm machinery and agricultural
23 chemical and fertilizer spreaders, and nurse wagons required
24 to be registered under Section 3-809 of the Illinois Vehicle
25 Code, but excluding other motor vehicles required to be
26 registered under the Illinois Vehicle Code. Horticultural
27 polyhouses or hoop houses used for propagating, growing, or
28 overwintering plants shall be considered farm machinery and
29 equipment under this item (11). Agricultural chemical tender
30 tanks and dry boxes shall include units sold separately from
31 a motor vehicle required to be licensed and units sold
32 mounted on a motor vehicle required to be licensed if the
33 selling price of the tender is separately stated.

34 Farm machinery and equipment shall include precision

1 farming equipment that is installed or purchased to be
2 installed on farm machinery and equipment including, but not
3 limited to, tractors, harvesters, sprayers, planters,
4 seeders, or spreaders. Precision farming equipment includes,
5 but is not limited to, soil testing sensors, computers,
6 monitors, software, global positioning and mapping systems,
7 and other such equipment.

8 Farm machinery and equipment also includes computers,
9 sensors, software, and related equipment used primarily in
10 the computer-assisted operation of production agriculture
11 facilities, equipment, and activities such as, but not
12 limited to, the collection, monitoring, and correlation of
13 animal and crop data for the purpose of formulating animal
14 diets and agricultural chemicals. This item (11) is exempt
15 from the provisions of Section 3-90.

16 (12) Fuel and petroleum products sold to or used by an
17 air common carrier, certified by the carrier to be used for
18 consumption, shipment, or storage in the conduct of its
19 business as an air common carrier, for a flight destined for
20 or returning from a location or locations outside the United
21 States without regard to previous or subsequent domestic
22 stopovers.

23 (13) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption
25 of food and beverages purchased at retail from a retailer, to
26 the extent that the proceeds of the service charge are in
27 fact turned over as tips or as a substitute for tips to the
28 employees who participate directly in preparing, serving,
29 hosting or cleaning up the food or beverage function with
30 respect to which the service charge is imposed.

31 (14) Until July 1, 2003 and beginning again on the
32 effective date of this amendatory Act of the 93rd General
33 Assembly, oil field exploration, drilling, and production
34 equipment, including (i) rigs and parts of rigs, rotary rigs,

1 cable tool rigs, and workover rigs, (ii) pipe and tubular
2 goods, including casing and drill strings, (iii) pumps and
3 pump-jack units, (iv) storage tanks and flow lines, (v) any
4 individual replacement part for oil field exploration,
5 drilling, and production equipment, and (vi) machinery and
6 equipment purchased for lease; but excluding motor vehicles
7 required to be registered under the Illinois Vehicle Code.
8 This paragraph is exempt from the provisions of Section 3-90.

9 (15) Photoprocessing machinery and equipment, including
10 repair and replacement parts, both new and used, including
11 that manufactured on special order, certified by the
12 purchaser to be used primarily for photoprocessing, and
13 including photoprocessing machinery and equipment purchased
14 for lease.

15 (16) Until July 1, 2003 and beginning again on the
16 effective date of this amendatory Act of the 93rd General
17 Assembly, coal exploration, mining, offhighway hauling,
18 processing, maintenance, and reclamation equipment, including
19 replacement parts and equipment, and including equipment
20 purchased for lease, but excluding motor vehicles required to
21 be registered under the Illinois Vehicle Code. This paragraph
22 is exempt from the provisions of Section 3-90.

23 (17) Until July 1, 2003, distillation machinery and
24 equipment, sold as a unit or kit, assembled or installed by
25 the retailer, certified by the user to be used only for the
26 production of ethyl alcohol that will be used for consumption
27 as motor fuel or as a component of motor fuel for the
28 personal use of the user, and not subject to sale or resale.

29 (18) Manufacturing and assembling machinery and
30 equipment used primarily in the process of manufacturing or
31 assembling tangible personal property for wholesale or retail
32 sale or lease, whether that sale or lease is made directly by
33 the manufacturer or by some other person, whether the
34 materials used in the process are owned by the manufacturer

1 or some other person, or whether that sale or lease is made
2 apart from or as an incident to the seller's engaging in the
3 service occupation of producing machines, tools, dies, jigs,
4 patterns, gauges, or other similar items of no commercial
5 value on special order for a particular purchaser.

6 (19) Personal property delivered to a purchaser or
7 purchaser's donee inside Illinois when the purchase order for
8 that personal property was received by a florist located
9 outside Illinois who has a florist located inside Illinois
10 deliver the personal property.

11 (20) Semen used for artificial insemination of livestock
12 for direct agricultural production.

13 (21) Horses, or interests in horses, registered with and
14 meeting the requirements of any of the Arabian Horse Club
15 Registry of America, Appaloosa Horse Club, American Quarter
16 Horse Association, United States Trotting Association, or
17 Jockey Club, as appropriate, used for purposes of breeding or
18 racing for prizes.

19 (22) Computers and communications equipment utilized for
20 any hospital purpose and equipment used in the diagnosis,
21 analysis, or treatment of hospital patients purchased by a
22 lessor who leases the equipment, under a lease of one year or
23 longer executed or in effect at the time the lessor would
24 otherwise be subject to the tax imposed by this Act, to a
25 hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g of
27 the Retailers' Occupation Tax Act. If the equipment is
28 leased in a manner that does not qualify for this exemption
29 or is used in any other non-exempt manner, the lessor shall
30 be liable for the tax imposed under this Act or the Service
31 Use Tax Act, as the case may be, based on the fair market
32 value of the property at the time the non-qualifying use
33 occurs. No lessor shall collect or attempt to collect an
34 amount (however designated) that purports to reimburse that

1 lessor for the tax imposed by this Act or the Service Use Tax
2 Act, as the case may be, if the tax has not been paid by the
3 lessor. If a lessor improperly collects any such amount from
4 the lessee, the lessee shall have a legal right to claim a
5 refund of that amount from the lessor. If, however, that
6 amount is not refunded to the lessee for any reason, the
7 lessor is liable to pay that amount to the Department.

8 (23) Personal property purchased by a lessor who leases
9 the property, under a lease of one year or longer executed
10 or in effect at the time the lessor would otherwise be
11 subject to the tax imposed by this Act, to a governmental
12 body that has been issued an active sales tax exemption
13 identification number by the Department under Section 1g of
14 the Retailers' Occupation Tax Act. If the property is leased
15 in a manner that does not qualify for this exemption or used
16 in any other non-exempt manner, the lessor shall be liable
17 for the tax imposed under this Act or the Service Use Tax
18 Act, as the case may be, based on the fair market value of
19 the property at the time the non-qualifying use occurs. No
20 lessor shall collect or attempt to collect an amount (however
21 designated) that purports to reimburse that lessor for the
22 tax imposed by this Act or the Service Use Tax Act, as the
23 case may be, if the tax has not been paid by the lessor. If
24 a lessor improperly collects any such amount from the lessee,
25 the lessee shall have a legal right to claim a refund of that
26 amount from the lessor. If, however, that amount is not
27 refunded to the lessee for any reason, the lessor is liable
28 to pay that amount to the Department.

29 (24) Beginning with taxable years ending on or after
30 December 31, 1995 and ending with taxable years ending on or
31 before December 31, 2004, personal property that is donated
32 for disaster relief to be used in a State or federally
33 declared disaster area in Illinois or bordering Illinois by a
34 manufacturer or retailer that is registered in this State to

1 a corporation, society, association, foundation, or
2 institution that has been issued a sales tax exemption
3 identification number by the Department that assists victims
4 of the disaster who reside within the declared disaster area.

5 (25) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is used in
8 the performance of infrastructure repairs in this State,
9 including but not limited to municipal roads and streets,
10 access roads, bridges, sidewalks, waste disposal systems,
11 water and sewer line extensions, water distribution and
12 purification facilities, storm water drainage and retention
13 facilities, and sewage treatment facilities, resulting from a
14 State or federally declared disaster in Illinois or bordering
15 Illinois when such repairs are initiated on facilities
16 located in the declared disaster area within 6 months after
17 the disaster.

18 (26) Beginning July 1, 1999, game or game birds
19 purchased at a "game breeding and hunting preserve area" or
20 an "exotic game hunting area" as those terms are used in the
21 Wildlife Code or at a hunting enclosure approved through
22 rules adopted by the Department of Natural Resources. This
23 paragraph is exempt from the provisions of Section 3-90.

24 (27) A motor vehicle, as that term is defined in Section
25 1-146 of the Illinois Vehicle Code, that is donated to a
26 corporation, limited liability company, society, association,
27 foundation, or institution that is determined by the
28 Department to be organized and operated exclusively for
29 educational purposes. For purposes of this exemption, "a
30 corporation, limited liability company, society, association,
31 foundation, or institution organized and operated exclusively
32 for educational purposes" means all tax-supported public
33 schools, private schools that offer systematic instruction in
34 useful branches of learning by methods common to public

1 schools and that compare favorably in their scope and
2 intensity with the course of study presented in tax-supported
3 schools, and vocational or technical schools or institutes
4 organized and operated exclusively to provide a course of
5 study of not less than 6 weeks duration and designed to
6 prepare individuals to follow a trade or to pursue a manual,
7 technical, mechanical, industrial, business, or commercial
8 occupation.

9 (28) Beginning January 1, 2000, personal property,
10 including food, purchased through fundraising events for the
11 benefit of a public or private elementary or secondary
12 school, a group of those schools, or one or more school
13 districts if the events are sponsored by an entity recognized
14 by the school district that consists primarily of volunteers
15 and includes parents and teachers of the school children.
16 This paragraph does not apply to fundraising events (i) for
17 the benefit of private home instruction or (ii) for which the
18 fundraising entity purchases the personal property sold at
19 the events from another individual or entity that sold the
20 property for the purpose of resale by the fundraising entity
21 and that profits from the sale to the fundraising entity.
22 This paragraph is exempt from the provisions of Section 3-90.

23 (29) Beginning January 1, 2000 and through December 31,
24 2001, new or used automatic vending machines that prepare and
25 serve hot food and beverages, including coffee, soup, and
26 other items, and replacement parts for these machines.
27 Beginning January 1, 2002 and through June 30, 2003, machines
28 and parts for machines used in commercial, coin-operated
29 amusement and vending business if a use or occupation tax is
30 paid on the gross receipts derived from the use of the
31 commercial, coin-operated amusement and vending machines.
32 This paragraph is exempt from the provisions of Section 3-90.

33 (30) Food for human consumption that is to be consumed
34 off the premises where it is sold (other than alcoholic

1 beverages, soft drinks, and food that has been prepared for
2 immediate consumption) and prescription and nonprescription
3 medicines, drugs, medical appliances, and insulin, urine
4 testing materials, syringes, and needles used by diabetics,
5 for human use, when purchased for use by a person receiving
6 medical assistance under Article 5 of the Illinois Public Aid
7 Code who resides in a licensed long-term care facility, as
8 defined in the Nursing Home Care Act.

9 (31) Beginning on the effective date of this amendatory
10 Act of the 92nd General Assembly, computers and
11 communications equipment utilized for any hospital purpose
12 and equipment used in the diagnosis, analysis, or treatment
13 of hospital patients purchased by a lessor who leases the
14 equipment, under a lease of one year or longer executed or in
15 effect at the time the lessor would otherwise be subject to
16 the tax imposed by this Act, to a hospital that has been
17 issued an active tax exemption identification number by the
18 Department under Section 1g of the Retailers' Occupation Tax
19 Act. If the equipment is leased in a manner that does not
20 qualify for this exemption or is used in any other nonexempt
21 manner, the lessor shall be liable for the tax imposed under
22 this Act or the Service Use Tax Act, as the case may be,
23 based on the fair market value of the property at the time
24 the nonqualifying use occurs. No lessor shall collect or
25 attempt to collect an amount (however designated) that
26 purports to reimburse that lessor for the tax imposed by this
27 Act or the Service Use Tax Act, as the case may be, if the
28 tax has not been paid by the lessor. If a lessor improperly
29 collects any such amount from the lessee, the lessee shall
30 have a legal right to claim a refund of that amount from the
31 lessor. If, however, that amount is not refunded to the
32 lessee for any reason, the lessor is liable to pay that
33 amount to the Department. This paragraph is exempt from the
34 provisions of Section 3-90.

1 (32) Beginning on the effective date of this amendatory
2 Act of the 92nd General Assembly, personal property purchased
3 by a lessor who leases the property, under a lease of one
4 year or longer executed or in effect at the time the lessor
5 would otherwise be subject to the tax imposed by this Act, to
6 a governmental body that has been issued an active sales tax
7 exemption identification number by the Department under
8 Section 1g of the Retailers' Occupation Tax Act. If the
9 property is leased in a manner that does not qualify for this
10 exemption or used in any other nonexempt manner, the lessor
11 shall be liable for the tax imposed under this Act or the
12 Service Use Tax Act, as the case may be, based on the fair
13 market value of the property at the time the nonqualifying
14 use occurs. No lessor shall collect or attempt to collect an
15 amount (however designated) that purports to reimburse that
16 lessor for the tax imposed by this Act or the Service Use Tax
17 Act, as the case may be, if the tax has not been paid by the
18 lessor. If a lessor improperly collects any such amount from
19 the lessee, the lessee shall have a legal right to claim a
20 refund of that amount from the lessor. If, however, that
21 amount is not refunded to the lessee for any reason, the
22 lessor is liable to pay that amount to the Department. This
23 paragraph is exempt from the provisions of Section 3-90.

24 (33) On and after July 1, 2003, the use in this State of
25 motor vehicles of the second division with a gross vehicle
26 weight in excess of 8,000 pounds and that are subject to the
27 commercial distribution fee imposed under Section 3-815.1 of
28 the Illinois Vehicle Code. This exemption applies to repair
29 and replacement parts added after the initial purchase of
30 such a motor vehicle if that motor vehicle is used in a
31 manner that would qualify for the rolling stock exemption
32 otherwise provided for in this Act.

33 (Source: P.A. 92-35, eff. 7-1-01; 92-227, eff. 8-2-01;
34 92-337, eff. 8-10-01; 92-484, eff. 8-23-01; 92-651, eff.

1 7-11-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; revised
2 9-11-03.)

3 Section 10. The Service Use Tax Act is amended by
4 changing Section 3-5 as follows:

5 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

6 Sec. 3-5. Exemptions. Use of the following tangible
7 personal property is exempt from the tax imposed by this Act:

8 (1) Personal property purchased from a corporation,
9 society, association, foundation, institution, or
10 organization, other than a limited liability company, that is
11 organized and operated as a not-for-profit service enterprise
12 for the benefit of persons 65 years of age or older if the
13 personal property was not purchased by the enterprise for the
14 purpose of resale by the enterprise.

15 (2) Personal property purchased by a non-profit Illinois
16 county fair association for use in conducting, operating, or
17 promoting the county fair.

18 (3) Personal property purchased by a not-for-profit arts
19 or cultural organization that establishes, by proof required
20 by the Department by rule, that it has received an exemption
21 under Section 501(c)(3) of the Internal Revenue Code and that
22 is organized and operated primarily for the presentation or
23 support of arts or cultural programming, activities, or
24 services. These organizations include, but are not limited
25 to, music and dramatic arts organizations such as symphony
26 orchestras and theatrical groups, arts and cultural service
27 organizations, local arts councils, visual arts
28 organizations, and media arts organizations. On and after the
29 effective date of this amendatory Act of the 92nd General
30 Assembly, however, an entity otherwise eligible for this
31 exemption shall not make tax-free purchases unless it has an
32 active identification number issued by the Department.

1 (4) Legal tender, currency, medallions, or gold or
2 silver coinage issued by the State of Illinois, the
3 government of the United States of America, or the government
4 of any foreign country, and bullion.

5 (5) Until July 1, 2003, graphic arts machinery and
6 equipment, including repair and replacement parts, both new
7 and used, and including that manufactured on special order or
8 purchased for lease, certified by the purchaser to be used
9 primarily for graphic arts production. Equipment includes
10 chemicals or chemicals acting as catalysts but only if the
11 chemicals or chemicals acting as catalysts effect a direct
12 and immediate change upon a graphic arts product.

13 (6) Personal property purchased from a teacher-sponsored
14 student organization affiliated with an elementary or
15 secondary school located in Illinois.

16 (7) Farm machinery and equipment, both new and used,
17 including that manufactured on special order, certified by
18 the purchaser to be used primarily for production agriculture
19 or State or federal agricultural programs, including
20 individual replacement parts for the machinery and equipment,
21 including machinery and equipment purchased for lease, and
22 including implements of husbandry defined in Section 1-130 of
23 the Illinois Vehicle Code, farm machinery and agricultural
24 chemical and fertilizer spreaders, and nurse wagons required
25 to be registered under Section 3-809 of the Illinois Vehicle
26 Code, but excluding other motor vehicles required to be
27 registered under the Illinois Vehicle Code. Horticultural
28 polyhouses or hoop houses used for propagating, growing, or
29 overwintering plants shall be considered farm machinery and
30 equipment under this item (7). Agricultural chemical tender
31 tanks and dry boxes shall include units sold separately from
32 a motor vehicle required to be licensed and units sold
33 mounted on a motor vehicle required to be licensed if the
34 selling price of the tender is separately stated.

1 Farm machinery and equipment shall include precision
2 farming equipment that is installed or purchased to be
3 installed on farm machinery and equipment including, but not
4 limited to, tractors, harvesters, sprayers, planters,
5 seeders, or spreaders. Precision farming equipment includes,
6 but is not limited to, soil testing sensors, computers,
7 monitors, software, global positioning and mapping systems,
8 and other such equipment.

9 Farm machinery and equipment also includes computers,
10 sensors, software, and related equipment used primarily in
11 the computer-assisted operation of production agriculture
12 facilities, equipment, and activities such as, but not
13 limited to, the collection, monitoring, and correlation of
14 animal and crop data for the purpose of formulating animal
15 diets and agricultural chemicals. This item (7) is exempt
16 from the provisions of Section 3-75.

17 (8) Fuel and petroleum products sold to or used by an
18 air common carrier, certified by the carrier to be used for
19 consumption, shipment, or storage in the conduct of its
20 business as an air common carrier, for a flight destined for
21 or returning from a location or locations outside the United
22 States without regard to previous or subsequent domestic
23 stopovers.

24 (9) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption
26 of food and beverages acquired as an incident to the purchase
27 of a service from a serviceman, to the extent that the
28 proceeds of the service charge are in fact turned over as
29 tips or as a substitute for tips to the employees who
30 participate directly in preparing, serving, hosting or
31 cleaning up the food or beverage function with respect to
32 which the service charge is imposed.

33 (10) Until July 1, 2003 and beginning again on the
34 effective date of this amendatory Act of the 93rd General

1 Assembly, oil field exploration, drilling, and production
2 equipment, including (i) rigs and parts of rigs, rotary rigs,
3 cable tool rigs, and workover rigs, (ii) pipe and tubular
4 goods, including casing and drill strings, (iii) pumps and
5 pump-jack units, (iv) storage tanks and flow lines, (v) any
6 individual replacement part for oil field exploration,
7 drilling, and production equipment, and (vi) machinery and
8 equipment purchased for lease; but excluding motor vehicles
9 required to be registered under the Illinois Vehicle Code.
10 This paragraph is exempt from the provisions of Section 3-75.

11 (11) Proceeds from the sale of photoprocessing machinery
12 and equipment, including repair and replacement parts, both
13 new and used, including that manufactured on special order,
14 certified by the purchaser to be used primarily for
15 photoprocessing, and including photoprocessing machinery and
16 equipment purchased for lease.

17 (12) Until July 1, 2003 and beginning again on the
18 effective date of this amendatory Act of the 93rd General
19 Assembly, coal exploration, mining, offhighway hauling,
20 processing, maintenance, and reclamation equipment, including
21 replacement parts and equipment, and including equipment
22 purchased for lease, but excluding motor vehicles required to
23 be registered under the Illinois Vehicle Code. This paragraph
24 is exempt from the provisions of Section 3-75.

25 (13) Semen used for artificial insemination of livestock
26 for direct agricultural production.

27 (14) Horses, or interests in horses, registered with and
28 meeting the requirements of any of the Arabian Horse Club
29 Registry of America, Appaloosa Horse Club, American Quarter
30 Horse Association, United States Trotting Association, or
31 Jockey Club, as appropriate, used for purposes of breeding or
32 racing for prizes.

33 (15) Computers and communications equipment utilized for
34 any hospital purpose and equipment used in the diagnosis,

1 analysis, or treatment of hospital patients purchased by a
2 lessor who leases the equipment, under a lease of one year or
3 longer executed or in effect at the time the lessor would
4 otherwise be subject to the tax imposed by this Act, to a
5 hospital that has been issued an active tax exemption
6 identification number by the Department under Section 1g of
7 the Retailers' Occupation Tax Act. If the equipment is leased
8 in a manner that does not qualify for this exemption or is
9 used in any other non-exempt manner, the lessor shall be
10 liable for the tax imposed under this Act or the Use Tax Act,
11 as the case may be, based on the fair market value of the
12 property at the time the non-qualifying use occurs. No
13 lessor shall collect or attempt to collect an amount (however
14 designated) that purports to reimburse that lessor for the
15 tax imposed by this Act or the Use Tax Act, as the case may
16 be, if the tax has not been paid by the lessor. If a lessor
17 improperly collects any such amount from the lessee, the
18 lessee shall have a legal right to claim a refund of that
19 amount from the lessor. If, however, that amount is not
20 refunded to the lessee for any reason, the lessor is liable
21 to pay that amount to the Department.

22 (16) Personal property purchased by a lessor who leases
23 the property, under a lease of one year or longer executed or
24 in effect at the time the lessor would otherwise be subject
25 to the tax imposed by this Act, to a governmental body that
26 has been issued an active tax exemption identification number
27 by the Department under Section 1g of the Retailers'
28 Occupation Tax Act. If the property is leased in a manner
29 that does not qualify for this exemption or is used in any
30 other non-exempt manner, the lessor shall be liable for the
31 tax imposed under this Act or the Use Tax Act, as the case
32 may be, based on the fair market value of the property at the
33 time the non-qualifying use occurs. No lessor shall collect
34 or attempt to collect an amount (however designated) that

1 purports to reimburse that lessor for the tax imposed by this
2 Act or the Use Tax Act, as the case may be, if the tax has
3 not been paid by the lessor. If a lessor improperly collects
4 any such amount from the lessee, the lessee shall have a
5 legal right to claim a refund of that amount from the lessor.
6 If, however, that amount is not refunded to the lessee for
7 any reason, the lessor is liable to pay that amount to the
8 Department.

9 (17) Beginning with taxable years ending on or after
10 December 31, 1995 and ending with taxable years ending on or
11 before December 31, 2004, personal property that is donated
12 for disaster relief to be used in a State or federally
13 declared disaster area in Illinois or bordering Illinois by a
14 manufacturer or retailer that is registered in this State to
15 a corporation, society, association, foundation, or
16 institution that has been issued a sales tax exemption
17 identification number by the Department that assists victims
18 of the disaster who reside within the declared disaster area.

19 (18) Beginning with taxable years ending on or after
20 December 31, 1995 and ending with taxable years ending on or
21 before December 31, 2004, personal property that is used in
22 the performance of infrastructure repairs in this State,
23 including but not limited to municipal roads and streets,
24 access roads, bridges, sidewalks, waste disposal systems,
25 water and sewer line extensions, water distribution and
26 purification facilities, storm water drainage and retention
27 facilities, and sewage treatment facilities, resulting from a
28 State or federally declared disaster in Illinois or bordering
29 Illinois when such repairs are initiated on facilities
30 located in the declared disaster area within 6 months after
31 the disaster.

32 (19) Beginning July 1, 1999, game or game birds
33 purchased at a "game breeding and hunting preserve area" or
34 an "exotic game hunting area" as those terms are used in the

1 Wildlife Code or at a hunting enclosure approved through
2 rules adopted by the Department of Natural Resources. This
3 paragraph is exempt from the provisions of Section 3-75.

4 (20) A motor vehicle, as that term is defined in Section
5 1-146 of the Illinois Vehicle Code, that is donated to a
6 corporation, limited liability company, society, association,
7 foundation, or institution that is determined by the
8 Department to be organized and operated exclusively for
9 educational purposes. For purposes of this exemption, "a
10 corporation, limited liability company, society, association,
11 foundation, or institution organized and operated exclusively
12 for educational purposes" means all tax-supported public
13 schools, private schools that offer systematic instruction in
14 useful branches of learning by methods common to public
15 schools and that compare favorably in their scope and
16 intensity with the course of study presented in tax-supported
17 schools, and vocational or technical schools or institutes
18 organized and operated exclusively to provide a course of
19 study of not less than 6 weeks duration and designed to
20 prepare individuals to follow a trade or to pursue a manual,
21 technical, mechanical, industrial, business, or commercial
22 occupation.

23 (21) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for the
25 benefit of a public or private elementary or secondary
26 school, a group of those schools, or one or more school
27 districts if the events are sponsored by an entity recognized
28 by the school district that consists primarily of volunteers
29 and includes parents and teachers of the school children.
30 This paragraph does not apply to fundraising events (i) for
31 the benefit of private home instruction or (ii) for which the
32 fundraising entity purchases the personal property sold at
33 the events from another individual or entity that sold the
34 property for the purpose of resale by the fundraising entity

1 and that profits from the sale to the fundraising entity.
2 This paragraph is exempt from the provisions of Section 3-75.

3 (22) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and
6 other items, and replacement parts for these machines.
7 Beginning January 1, 2002 and through June 30, 2003, machines
8 and parts for machines used in commercial, coin-operated
9 amusement and vending business if a use or occupation tax is
10 paid on the gross receipts derived from the use of the
11 commercial, coin-operated amusement and vending machines.
12 This paragraph is exempt from the provisions of Section 3-75.

13 (23) Food for human consumption that is to be consumed
14 off the premises where it is sold (other than alcoholic
15 beverages, soft drinks, and food that has been prepared for
16 immediate consumption) and prescription and nonprescription
17 medicines, drugs, medical appliances, and insulin, urine
18 testing materials, syringes, and needles used by diabetics,
19 for human use, when purchased for use by a person receiving
20 medical assistance under Article 5 of the Illinois Public Aid
21 Code who resides in a licensed long-term care facility, as
22 defined in the Nursing Home Care Act.

23 (24) Beginning on the effective date of this amendatory
24 Act of the 92nd General Assembly, computers and
25 communications equipment utilized for any hospital purpose
26 and equipment used in the diagnosis, analysis, or treatment
27 of hospital patients purchased by a lessor who leases the
28 equipment, under a lease of one year or longer executed or in
29 effect at the time the lessor would otherwise be subject to
30 the tax imposed by this Act, to a hospital that has been
31 issued an active tax exemption identification number by the
32 Department under Section 1g of the Retailers' Occupation Tax
33 Act. If the equipment is leased in a manner that does not
34 qualify for this exemption or is used in any other nonexempt

1 manner, the lessor shall be liable for the tax imposed under
2 this Act or the Use Tax Act, as the case may be, based on the
3 fair market value of the property at the time the
4 nonqualifying use occurs. No lessor shall collect or attempt
5 to collect an amount (however designated) that purports to
6 reimburse that lessor for the tax imposed by this Act or the
7 Use Tax Act, as the case may be, if the tax has not been paid
8 by the lessor. If a lessor improperly collects any such
9 amount from the lessee, the lessee shall have a legal right
10 to claim a refund of that amount from the lessor. If,
11 however, that amount is not refunded to the lessee for any
12 reason, the lessor is liable to pay that amount to the
13 Department. This paragraph is exempt from the provisions of
14 Section 3-75.

15 (25) Beginning on the effective date of this amendatory
16 Act of the 92nd General Assembly, personal property purchased
17 by a lessor who leases the property, under a lease of one
18 year or longer executed or in effect at the time the lessor
19 would otherwise be subject to the tax imposed by this Act, to
20 a governmental body that has been issued an active tax
21 exemption identification number by the Department under
22 Section 1g of the Retailers' Occupation Tax Act. If the
23 property is leased in a manner that does not qualify for this
24 exemption or is used in any other nonexempt manner, the
25 lessor shall be liable for the tax imposed under this Act or
26 the Use Tax Act, as the case may be, based on the fair market
27 value of the property at the time the nonqualifying use
28 occurs. No lessor shall collect or attempt to collect an
29 amount (however designated) that purports to reimburse that
30 lessor for the tax imposed by this Act or the Use Tax Act, as
31 the case may be, if the tax has not been paid by the lessor.
32 If a lessor improperly collects any such amount from the
33 lessee, the lessee shall have a legal right to claim a refund
34 of that amount from the lessor. If, however, that amount is

1 not refunded to the lessee for any reason, the lessor is
2 liable to pay that amount to the Department. This paragraph
3 is exempt from the provisions of Section 3-75.

4 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01;
5 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
6 8-23-01; 92-651, eff. 7-11-02; 93-24, eff. 6-20-03.)

7 Section 15. The Service Occupation Tax Act is amended by
8 changing Section 3-5 as follows:

9 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

10 Sec. 3-5. Exemptions. The following tangible personal
11 property is exempt from the tax imposed by this Act:

12 (1) Personal property sold by a corporation, society,
13 association, foundation, institution, or organization, other
14 than a limited liability company, that is organized and
15 operated as a not-for-profit service enterprise for the
16 benefit of persons 65 years of age or older if the personal
17 property was not purchased by the enterprise for the purpose
18 of resale by the enterprise.

19 (2) Personal property purchased by a not-for-profit
20 Illinois county fair association for use in conducting,
21 operating, or promoting the county fair.

22 (3) Personal property purchased by any not-for-profit
23 arts or cultural organization that establishes, by proof
24 required by the Department by rule, that it has received an
25 exemption under Section 501(c)(3) of the Internal Revenue
26 Code and that is organized and operated primarily for the
27 presentation or support of arts or cultural programming,
28 activities, or services. These organizations include, but
29 are not limited to, music and dramatic arts organizations
30 such as symphony orchestras and theatrical groups, arts and
31 cultural service organizations, local arts councils, visual
32 arts organizations, and media arts organizations. On and

1 after the effective date of this amendatory Act of the 92nd
2 General Assembly, however, an entity otherwise eligible for
3 this exemption shall not make tax-free purchases unless it
4 has an active identification number issued by the Department.

5 (4) Legal tender, currency, medallions, or gold or
6 silver coinage issued by the State of Illinois, the
7 government of the United States of America, or the government
8 of any foreign country, and bullion.

9 (5) Until July 1, 2003, graphic arts machinery and
10 equipment, including repair and replacement parts, both new
11 and used, and including that manufactured on special order or
12 purchased for lease, certified by the purchaser to be used
13 primarily for graphic arts production. Equipment includes
14 chemicals or chemicals acting as catalysts but only if the
15 chemicals or chemicals acting as catalysts effect a direct
16 and immediate change upon a graphic arts product.

17 (6) Personal property sold by a teacher-sponsored
18 student organization affiliated with an elementary or
19 secondary school located in Illinois.

20 (7) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by
22 the purchaser to be used primarily for production agriculture
23 or State or federal agricultural programs, including
24 individual replacement parts for the machinery and equipment,
25 including machinery and equipment purchased for lease, and
26 including implements of husbandry defined in Section 1-130 of
27 the Illinois Vehicle Code, farm machinery and agricultural
28 chemical and fertilizer spreaders, and nurse wagons required
29 to be registered under Section 3-809 of the Illinois Vehicle
30 Code, but excluding other motor vehicles required to be
31 registered under the Illinois Vehicle Code. Horticultural
32 polyhouses or hoop houses used for propagating, growing, or
33 overwintering plants shall be considered farm machinery and
34 equipment under this item (7). Agricultural chemical tender

1 tanks and dry boxes shall include units sold separately from
2 a motor vehicle required to be licensed and units sold
3 mounted on a motor vehicle required to be licensed if the
4 selling price of the tender is separately stated.

5 Farm machinery and equipment shall include precision
6 farming equipment that is installed or purchased to be
7 installed on farm machinery and equipment including, but not
8 limited to, tractors, harvesters, sprayers, planters,
9 seeders, or spreaders. Precision farming equipment includes,
10 but is not limited to, soil testing sensors, computers,
11 monitors, software, global positioning and mapping systems,
12 and other such equipment.

13 Farm machinery and equipment also includes computers,
14 sensors, software, and related equipment used primarily in
15 the computer-assisted operation of production agriculture
16 facilities, equipment, and activities such as, but not
17 limited to, the collection, monitoring, and correlation of
18 animal and crop data for the purpose of formulating animal
19 diets and agricultural chemicals. This item (7) is exempt
20 from the provisions of Section 3-55.

21 (8) Fuel and petroleum products sold to or used by an
22 air common carrier, certified by the carrier to be used for
23 consumption, shipment, or storage in the conduct of its
24 business as an air common carrier, for a flight destined for
25 or returning from a location or locations outside the United
26 States without regard to previous or subsequent domestic
27 stopovers.

28 (9) Proceeds of mandatory service charges separately
29 stated on customers' bills for the purchase and consumption
30 of food and beverages, to the extent that the proceeds of the
31 service charge are in fact turned over as tips or as a
32 substitute for tips to the employees who participate directly
33 in preparing, serving, hosting or cleaning up the food or
34 beverage function with respect to which the service charge is

1 imposed.

2 (10) Until July 1, 2003 and beginning again on the
3 effective date of this amendatory Act of the 93rd General
4 Assembly, oil field exploration, drilling, and production
5 equipment, including (i) rigs and parts of rigs, rotary rigs,
6 cable tool rigs, and workover rigs, (ii) pipe and tubular
7 goods, including casing and drill strings, (iii) pumps and
8 pump-jack units, (iv) storage tanks and flow lines, (v) any
9 individual replacement part for oil field exploration,
10 drilling, and production equipment, and (vi) machinery and
11 equipment purchased for lease; but excluding motor vehicles
12 required to be registered under the Illinois Vehicle Code.
13 This paragraph is exempt from the provisions of Section 3-55.

14 (11) Photoprocessing machinery and equipment, including
15 repair and replacement parts, both new and used, including
16 that manufactured on special order, certified by the
17 purchaser to be used primarily for photoprocessing, and
18 including photoprocessing machinery and equipment purchased
19 for lease.

20 (12) Until July 1, 2003 and beginning again on the
21 effective date of this amendatory Act of the 93rd General
22 Assembly, coal exploration, mining, offhighway hauling,
23 processing, maintenance, and reclamation equipment, including
24 replacement parts and equipment, and including equipment
25 purchased for lease, but excluding motor vehicles required to
26 be registered under the Illinois Vehicle Code. This paragraph
27 is exempt from the provisions of Section 3-55.

28 (13) Food for human consumption that is to be consumed
29 off the premises where it is sold (other than alcoholic
30 beverages, soft drinks and food that has been prepared for
31 immediate consumption) and prescription and non-prescription
32 medicines, drugs, medical appliances, and insulin, urine
33 testing materials, syringes, and needles used by diabetics,
34 for human use, when purchased for use by a person receiving

1 medical assistance under Article 5 of the Illinois Public Aid
2 Code who resides in a licensed long-term care facility, as
3 defined in the Nursing Home Care Act.

4 (14) Semen used for artificial insemination of livestock
5 for direct agricultural production.

6 (15) Horses, or interests in horses, registered with and
7 meeting the requirements of any of the Arabian Horse Club
8 Registry of America, Appaloosa Horse Club, American Quarter
9 Horse Association, United States Trotting Association, or
10 Jockey Club, as appropriate, used for purposes of breeding or
11 racing for prizes.

12 (16) Computers and communications equipment utilized for
13 any hospital purpose and equipment used in the diagnosis,
14 analysis, or treatment of hospital patients sold to a lessor
15 who leases the equipment, under a lease of one year or longer
16 executed or in effect at the time of the purchase, to a
17 hospital that has been issued an active tax exemption
18 identification number by the Department under Section 1g of
19 the Retailers' Occupation Tax Act.

20 (17) Personal property sold to a lessor who leases the
21 property, under a lease of one year or longer executed or in
22 effect at the time of the purchase, to a governmental body
23 that has been issued an active tax exemption identification
24 number by the Department under Section 1g of the Retailers'
25 Occupation Tax Act.

26 (18) Beginning with taxable years ending on or after
27 December 31, 1995 and ending with taxable years ending on or
28 before December 31, 2004, personal property that is donated
29 for disaster relief to be used in a State or federally
30 declared disaster area in Illinois or bordering Illinois by a
31 manufacturer or retailer that is registered in this State to
32 a corporation, society, association, foundation, or
33 institution that has been issued a sales tax exemption
34 identification number by the Department that assists victims

1 of the disaster who reside within the declared disaster area.

2 (19) Beginning with taxable years ending on or after
3 December 31, 1995 and ending with taxable years ending on or
4 before December 31, 2004, personal property that is used in
5 the performance of infrastructure repairs in this State,
6 including but not limited to municipal roads and streets,
7 access roads, bridges, sidewalks, waste disposal systems,
8 water and sewer line extensions, water distribution and
9 purification facilities, storm water drainage and retention
10 facilities, and sewage treatment facilities, resulting from a
11 State or federally declared disaster in Illinois or bordering
12 Illinois when such repairs are initiated on facilities
13 located in the declared disaster area within 6 months after
14 the disaster.

15 (20) Beginning July 1, 1999, game or game birds sold at
16 a "game breeding and hunting preserve area" or an "exotic
17 game hunting area" as those terms are used in the Wildlife
18 Code or at a hunting enclosure approved through rules adopted
19 by the Department of Natural Resources. This paragraph is
20 exempt from the provisions of Section 3-55.

21 (21) A motor vehicle, as that term is defined in Section
22 1-146 of the Illinois Vehicle Code, that is donated to a
23 corporation, limited liability company, society, association,
24 foundation, or institution that is determined by the
25 Department to be organized and operated exclusively for
26 educational purposes. For purposes of this exemption, "a
27 corporation, limited liability company, society, association,
28 foundation, or institution organized and operated exclusively
29 for educational purposes" means all tax-supported public
30 schools, private schools that offer systematic instruction in
31 useful branches of learning by methods common to public
32 schools and that compare favorably in their scope and
33 intensity with the course of study presented in tax-supported
34 schools, and vocational or technical schools or institutes

1 organized and operated exclusively to provide a course of
2 study of not less than 6 weeks duration and designed to
3 prepare individuals to follow a trade or to pursue a manual,
4 technical, mechanical, industrial, business, or commercial
5 occupation.

6 (22) Beginning January 1, 2000, personal property,
7 including food, purchased through fundraising events for the
8 benefit of a public or private elementary or secondary
9 school, a group of those schools, or one or more school
10 districts if the events are sponsored by an entity recognized
11 by the school district that consists primarily of volunteers
12 and includes parents and teachers of the school children.
13 This paragraph does not apply to fundraising events (i) for
14 the benefit of private home instruction or (ii) for which the
15 fundraising entity purchases the personal property sold at
16 the events from another individual or entity that sold the
17 property for the purpose of resale by the fundraising entity
18 and that profits from the sale to the fundraising entity.
19 This paragraph is exempt from the provisions of Section 3-55.

20 (23) Beginning January 1, 2000 and through December 31,
21 2001, new or used automatic vending machines that prepare and
22 serve hot food and beverages, including coffee, soup, and
23 other items, and replacement parts for these machines.
24 Beginning January 1, 2002 and through June 30, 2003, machines
25 and parts for machines used in commercial, coin-operated
26 amusement and vending business if a use or occupation tax is
27 paid on the gross receipts derived from the use of the
28 commercial, coin-operated amusement and vending machines.
29 This paragraph is exempt from the provisions of Section 3-55.

30 (24) Beginning on the effective date of this amendatory
31 Act of the 92nd General Assembly, computers and
32 communications equipment utilized for any hospital purpose
33 and equipment used in the diagnosis, analysis, or treatment
34 of hospital patients sold to a lessor who leases the

1 equipment, under a lease of one year or longer executed or in
2 effect at the time of the purchase, to a hospital that has
3 been issued an active tax exemption identification number by
4 the Department under Section 1g of the Retailers' Occupation
5 Tax Act. This paragraph is exempt from the provisions of
6 Section 3-55.

7 (25) Beginning on the effective date of this amendatory
8 Act of the 92nd General Assembly, personal property sold to a
9 lessor who leases the property, under a lease of one year or
10 longer executed or in effect at the time of the purchase, to
11 a governmental body that has been issued an active tax
12 exemption identification number by the Department under
13 Section 1g of the Retailers' Occupation Tax Act. This
14 paragraph is exempt from the provisions of Section 3-55.

15 (26) Beginning on January 1, 2002, tangible personal
16 property purchased from an Illinois retailer by a taxpayer
17 engaged in centralized purchasing activities in Illinois who
18 will, upon receipt of the property in Illinois, temporarily
19 store the property in Illinois (i) for the purpose of
20 subsequently transporting it outside this State for use or
21 consumption thereafter solely outside this State or (ii) for
22 the purpose of being processed, fabricated, or manufactured
23 into, attached to, or incorporated into other tangible
24 personal property to be transported outside this State and
25 thereafter used or consumed solely outside this State. The
26 Director of Revenue shall, pursuant to rules adopted in
27 accordance with the Illinois Administrative Procedure Act,
28 issue a permit to any taxpayer in good standing with the
29 Department who is eligible for the exemption under this
30 paragraph (26). The permit issued under this paragraph (26)
31 shall authorize the holder, to the extent and in the manner
32 specified in the rules adopted under this Act, to purchase
33 tangible personal property from a retailer exempt from the
34 taxes imposed by this Act. Taxpayers shall maintain all

1 necessary books and records to substantiate the use and
2 consumption of all such tangible personal property outside of
3 the State of Illinois.

4 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01;
5 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
6 8-23-01; 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 93-24,
7 eff. 6-20-03.)

8 Section 20. The Retailers' Occupation Tax Act is amended
9 by changing Section 2-5 as follows:

10 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

11 Sec. 2-5. Exemptions. Gross receipts from proceeds from
12 the sale of the following tangible personal property are
13 exempt from the tax imposed by this Act:

14 (1) Farm chemicals.

15 (2) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by
17 the purchaser to be used primarily for production agriculture
18 or State or federal agricultural programs, including
19 individual replacement parts for the machinery and equipment,
20 including machinery and equipment purchased for lease, and
21 including implements of husbandry defined in Section 1-130 of
22 the Illinois Vehicle Code, farm machinery and agricultural
23 chemical and fertilizer spreaders, and nurse wagons required
24 to be registered under Section 3-809 of the Illinois Vehicle
25 Code, but excluding other motor vehicles required to be
26 registered under the Illinois Vehicle Code. Horticultural
27 polyhouses or hoop houses used for propagating, growing, or
28 overwintering plants shall be considered farm machinery and
29 equipment under this item (2). Agricultural chemical tender
30 tanks and dry boxes shall include units sold separately from
31 a motor vehicle required to be licensed and units sold
32 mounted on a motor vehicle required to be licensed, if the

1 selling price of the tender is separately stated.

2 Farm machinery and equipment shall include precision
3 farming equipment that is installed or purchased to be
4 installed on farm machinery and equipment including, but not
5 limited to, tractors, harvesters, sprayers, planters,
6 seeders, or spreaders. Precision farming equipment includes,
7 but is not limited to, soil testing sensors, computers,
8 monitors, software, global positioning and mapping systems,
9 and other such equipment.

10 Farm machinery and equipment also includes computers,
11 sensors, software, and related equipment used primarily in
12 the computer-assisted operation of production agriculture
13 facilities, equipment, and activities such as, but not
14 limited to, the collection, monitoring, and correlation of
15 animal and crop data for the purpose of formulating animal
16 diets and agricultural chemicals. This item (7) is exempt
17 from the provisions of Section 2-70.

18 (3) Until July 1, 2003, distillation machinery and
19 equipment, sold as a unit or kit, assembled or installed by
20 the retailer, certified by the user to be used only for the
21 production of ethyl alcohol that will be used for consumption
22 as motor fuel or as a component of motor fuel for the
23 personal use of the user, and not subject to sale or resale.

24 (4) Until July 1, 2003, graphic arts machinery and
25 equipment, including repair and replacement parts, both new
26 and used, and including that manufactured on special order or
27 purchased for lease, certified by the purchaser to be used
28 primarily for graphic arts production. Equipment includes
29 chemicals or chemicals acting as catalysts but only if the
30 chemicals or chemicals acting as catalysts effect a direct
31 and immediate change upon a graphic arts product.

32 (5) A motor vehicle of the first division, a motor
33 vehicle of the second division that is a self-contained motor
34 vehicle designed or permanently converted to provide living

1 quarters for recreational, camping, or travel use, with
2 direct walk through access to the living quarters from the
3 driver's seat, or a motor vehicle of the second division that
4 is of the van configuration designed for the transportation
5 of not less than 7 nor more than 16 passengers, as defined in
6 Section 1-146 of the Illinois Vehicle Code, that is used for
7 automobile renting, as defined in the Automobile Renting
8 Occupation and Use Tax Act.

9 (6) Personal property sold by a teacher-sponsored
10 student organization affiliated with an elementary or
11 secondary school located in Illinois.

12 (7) Until July 1, 2003, proceeds of that portion of the
13 selling price of a passenger car the sale of which is subject
14 to the Replacement Vehicle Tax.

15 (8) Personal property sold to an Illinois county fair
16 association for use in conducting, operating, or promoting
17 the county fair.

18 (9) Personal property sold to a not-for-profit arts or
19 cultural organization that establishes, by proof required by
20 the Department by rule, that it has received an exemption
21 under Section 501(c)(3) of the Internal Revenue Code and that
22 is organized and operated primarily for the presentation or
23 support of arts or cultural programming, activities, or
24 services. These organizations include, but are not limited
25 to, music and dramatic arts organizations such as symphony
26 orchestras and theatrical groups, arts and cultural service
27 organizations, local arts councils, visual arts
28 organizations, and media arts organizations. On and after the
29 effective date of this amendatory Act of the 92nd General
30 Assembly, however, an entity otherwise eligible for this
31 exemption shall not make tax-free purchases unless it has an
32 active identification number issued by the Department.

33 (10) Personal property sold by a corporation, society,
34 association, foundation, institution, or organization, other

1 than a limited liability company, that is organized and
2 operated as a not-for-profit service enterprise for the
3 benefit of persons 65 years of age or older if the personal
4 property was not purchased by the enterprise for the purpose
5 of resale by the enterprise.

6 (11) Personal property sold to a governmental body, to a
7 corporation, society, association, foundation, or institution
8 organized and operated exclusively for charitable, religious,
9 or educational purposes, or to a not-for-profit corporation,
10 society, association, foundation, institution, or
11 organization that has no compensated officers or employees
12 and that is organized and operated primarily for the
13 recreation of persons 55 years of age or older. A limited
14 liability company may qualify for the exemption under this
15 paragraph only if the limited liability company is organized
16 and operated exclusively for educational purposes. On and
17 after July 1, 1987, however, no entity otherwise eligible for
18 this exemption shall make tax-free purchases unless it has an
19 active identification number issued by the Department.

20 (12) Tangible personal property sold to interstate
21 carriers for hire for use as rolling stock moving in
22 interstate commerce or to lessors under leases of one year or
23 longer executed or in effect at the time of purchase by
24 interstate carriers for hire for use as rolling stock moving
25 in interstate commerce and equipment operated by a
26 telecommunications provider, licensed as a common carrier by
27 the Federal Communications Commission, which is permanently
28 installed in or affixed to aircraft moving in interstate
29 commerce.

30 (12-5) On and after July 1, 2003, motor vehicles of the
31 second division with a gross vehicle weight in excess of
32 8,000 pounds that are subject to the commercial distribution
33 fee imposed under Section 3-815.1 of the Illinois Vehicle
34 Code. This exemption applies to repair and replacement parts

1 added after the initial purchase of such a motor vehicle if
2 that motor vehicle is used in a manner that would qualify for
3 the rolling stock exemption otherwise provided for in this
4 Act.

5 (13) Proceeds from sales to owners, lessors, or shippers
6 of tangible personal property that is utilized by interstate
7 carriers for hire for use as rolling stock moving in
8 interstate commerce and equipment operated by a
9 telecommunications provider, licensed as a common carrier by
10 the Federal Communications Commission, which is permanently
11 installed in or affixed to aircraft moving in interstate
12 commerce.

13 (14) Machinery and equipment that will be used by the
14 purchaser, or a lessee of the purchaser, primarily in the
15 process of manufacturing or assembling tangible personal
16 property for wholesale or retail sale or lease, whether the
17 sale or lease is made directly by the manufacturer or by some
18 other person, whether the materials used in the process are
19 owned by the manufacturer or some other person, or whether
20 the sale or lease is made apart from or as an incident to the
21 seller's engaging in the service occupation of producing
22 machines, tools, dies, jigs, patterns, gauges, or other
23 similar items of no commercial value on special order for a
24 particular purchaser.

25 (15) Proceeds of mandatory service charges separately
26 stated on customers' bills for purchase and consumption of
27 food and beverages, to the extent that the proceeds of the
28 service charge are in fact turned over as tips or as a
29 substitute for tips to the employees who participate directly
30 in preparing, serving, hosting or cleaning up the food or
31 beverage function with respect to which the service charge is
32 imposed.

33 (16) Petroleum products sold to a purchaser if the
34 seller is prohibited by federal law from charging tax to the

1 purchaser.

2 (17) Tangible personal property sold to a common carrier
3 by rail or motor that receives the physical possession of the
4 property in Illinois and that transports the property, or
5 shares with another common carrier in the transportation of
6 the property, out of Illinois on a standard uniform bill of
7 lading showing the seller of the property as the shipper or
8 consignor of the property to a destination outside Illinois,
9 for use outside Illinois.

10 (18) Legal tender, currency, medallions, or gold or
11 silver coinage issued by the State of Illinois, the
12 government of the United States of America, or the government
13 of any foreign country, and bullion.

14 (19) Until July 1 2003 and beginning again on the
15 effective date of this amendatory Act of the 93rd General
16 Assembly, oil field exploration, drilling, and production
17 equipment, including (i) rigs and parts of rigs, rotary rigs,
18 cable tool rigs, and workover rigs, (ii) pipe and tubular
19 goods, including casing and drill strings, (iii) pumps and
20 pump-jack units, (iv) storage tanks and flow lines, (v) any
21 individual replacement part for oil field exploration,
22 drilling, and production equipment, and (vi) machinery and
23 equipment purchased for lease; but excluding motor vehicles
24 required to be registered under the Illinois Vehicle Code.
25 This paragraph is exempt from the provisions of Section 2-70.

26 (20) Photoprocessing machinery and equipment, including
27 repair and replacement parts, both new and used, including
28 that manufactured on special order, certified by the
29 purchaser to be used primarily for photoprocessing, and
30 including photoprocessing machinery and equipment purchased
31 for lease.

32 (21) Until July 1, 2003 and beginning again on the
33 effective date of this amendatory Act of the 93rd General
34 Assembly, coal exploration, mining, offhighway hauling,

1 processing, maintenance, and reclamation equipment, including
2 replacement parts and equipment, and including equipment
3 purchased for lease, but excluding motor vehicles required to
4 be registered under the Illinois Vehicle Code. This paragraph
5 is exempt from the provisions of Section 2-70.

6 (22) Fuel and petroleum products sold to or used by an
7 air carrier, certified by the carrier to be used for
8 consumption, shipment, or storage in the conduct of its
9 business as an air common carrier, for a flight destined for
10 or returning from a location or locations outside the United
11 States without regard to previous or subsequent domestic
12 stopovers.

13 (23) A transaction in which the purchase order is
14 received by a florist who is located outside Illinois, but
15 who has a florist located in Illinois deliver the property to
16 the purchaser or the purchaser's donee in Illinois.

17 (24) Fuel consumed or used in the operation of ships,
18 barges, or vessels that are used primarily in or for the
19 transportation of property or the conveyance of persons for
20 hire on rivers bordering on this State if the fuel is
21 delivered by the seller to the purchaser's barge, ship, or
22 vessel while it is afloat upon that bordering river.

23 (25) A motor vehicle sold in this State to a nonresident
24 even though the motor vehicle is delivered to the nonresident
25 in this State, if the motor vehicle is not to be titled in
26 this State, and if a drive-away permit is issued to the motor
27 vehicle as provided in Section 3-603 of the Illinois Vehicle
28 Code or if the nonresident purchaser has vehicle registration
29 plates to transfer to the motor vehicle upon returning to his
30 or her home state. The issuance of the drive-away permit or
31 having the out-of-state registration plates to be transferred
32 is prima facie evidence that the motor vehicle will not be
33 titled in this State.

34 (26) Semen used for artificial insemination of livestock

1 for direct agricultural production.

2 (27) Horses, or interests in horses, registered with and
3 meeting the requirements of any of the Arabian Horse Club
4 Registry of America, Appaloosa Horse Club, American Quarter
5 Horse Association, United States Trotting Association, or
6 Jockey Club, as appropriate, used for purposes of breeding or
7 racing for prizes.

8 (28) Computers and communications equipment utilized for
9 any hospital purpose and equipment used in the diagnosis,
10 analysis, or treatment of hospital patients sold to a lessor
11 who leases the equipment, under a lease of one year or longer
12 executed or in effect at the time of the purchase, to a
13 hospital that has been issued an active tax exemption
14 identification number by the Department under Section 1g of
15 this Act.

16 (29) Personal property sold to a lessor who leases the
17 property, under a lease of one year or longer executed or in
18 effect at the time of the purchase, to a governmental body
19 that has been issued an active tax exemption identification
20 number by the Department under Section 1g of this Act.

21 (30) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is donated
24 for disaster relief to be used in a State or federally
25 declared disaster area in Illinois or bordering Illinois by a
26 manufacturer or retailer that is registered in this State to
27 a corporation, society, association, foundation, or
28 institution that has been issued a sales tax exemption
29 identification number by the Department that assists victims
30 of the disaster who reside within the declared disaster area.

31 (31) Beginning with taxable years ending on or after
32 December 31, 1995 and ending with taxable years ending on or
33 before December 31, 2004, personal property that is used in
34 the performance of infrastructure repairs in this State,

1 including but not limited to municipal roads and streets,
2 access roads, bridges, sidewalks, waste disposal systems,
3 water and sewer line extensions, water distribution and
4 purification facilities, storm water drainage and retention
5 facilities, and sewage treatment facilities, resulting from a
6 State or federally declared disaster in Illinois or bordering
7 Illinois when such repairs are initiated on facilities
8 located in the declared disaster area within 6 months after
9 the disaster.

10 (32) Beginning July 1, 1999, game or game birds sold at
11 a "game breeding and hunting preserve area" or an "exotic
12 game hunting area" as those terms are used in the Wildlife
13 Code or at a hunting enclosure approved through rules adopted
14 by the Department of Natural Resources. This paragraph is
15 exempt from the provisions of Section 2-70.

16 (33) A motor vehicle, as that term is defined in Section
17 1-146 of the Illinois Vehicle Code, that is donated to a
18 corporation, limited liability company, society, association,
19 foundation, or institution that is determined by the
20 Department to be organized and operated exclusively for
21 educational purposes. For purposes of this exemption, "a
22 corporation, limited liability company, society, association,
23 foundation, or institution organized and operated exclusively
24 for educational purposes" means all tax-supported public
25 schools, private schools that offer systematic instruction in
26 useful branches of learning by methods common to public
27 schools and that compare favorably in their scope and
28 intensity with the course of study presented in tax-supported
29 schools, and vocational or technical schools or institutes
30 organized and operated exclusively to provide a course of
31 study of not less than 6 weeks duration and designed to
32 prepare individuals to follow a trade or to pursue a manual,
33 technical, mechanical, industrial, business, or commercial
34 occupation.

1 (34) Beginning January 1, 2000, personal property,
2 including food, purchased through fundraising events for the
3 benefit of a public or private elementary or secondary
4 school, a group of those schools, or one or more school
5 districts if the events are sponsored by an entity recognized
6 by the school district that consists primarily of volunteers
7 and includes parents and teachers of the school children.
8 This paragraph does not apply to fundraising events (i) for
9 the benefit of private home instruction or (ii) for which the
10 fundraising entity purchases the personal property sold at
11 the events from another individual or entity that sold the
12 property for the purpose of resale by the fundraising entity
13 and that profits from the sale to the fundraising entity.
14 This paragraph is exempt from the provisions of Section 2-70.

15 (35) Beginning January 1, 2000 and through December 31,
16 2001, new or used automatic vending machines that prepare and
17 serve hot food and beverages, including coffee, soup, and
18 other items, and replacement parts for these machines.
19 Beginning January 1, 2002 and through June 30, 2003, machines
20 and parts for machines used in commercial, coin-operated
21 amusement and vending business if a use or occupation tax is
22 paid on the gross receipts derived from the use of the
23 commercial, coin-operated amusement and vending machines.
24 This paragraph is exempt from the provisions of Section 2-70.

25 (35-5) Food for human consumption that is to be consumed
26 off the premises where it is sold (other than alcoholic
27 beverages, soft drinks, and food that has been prepared for
28 immediate consumption) and prescription and nonprescription
29 medicines, drugs, medical appliances, and insulin, urine
30 testing materials, syringes, and needles used by diabetics,
31 for human use, when purchased for use by a person receiving
32 medical assistance under Article 5 of the Illinois Public Aid
33 Code who resides in a licensed long-term care facility, as
34 defined in the Nursing Home Care Act.

1 (36) Beginning August 2, 2001, computers and
2 communications equipment utilized for any hospital purpose
3 and equipment used in the diagnosis, analysis, or treatment
4 of hospital patients sold to a lessor who leases the
5 equipment, under a lease of one year or longer executed or in
6 effect at the time of the purchase, to a hospital that has
7 been issued an active tax exemption identification number by
8 the Department under Section 1g of this Act. This paragraph
9 is exempt from the provisions of Section 2-70.

10 (37) Beginning August 2, 2001, personal property sold to
11 a lessor who leases the property, under a lease of one year
12 or longer executed or in effect at the time of the purchase,
13 to a governmental body that has been issued an active tax
14 exemption identification number by the Department under
15 Section 1g of this Act. This paragraph is exempt from the
16 provisions of Section 2-70.

17 (38) Beginning on January 1, 2002, tangible personal
18 property purchased from an Illinois retailer by a taxpayer
19 engaged in centralized purchasing activities in Illinois who
20 will, upon receipt of the property in Illinois, temporarily
21 store the property in Illinois (i) for the purpose of
22 subsequently transporting it outside this State for use or
23 consumption thereafter solely outside this State or (ii) for
24 the purpose of being processed, fabricated, or manufactured
25 into, attached to, or incorporated into other tangible
26 personal property to be transported outside this State and
27 thereafter used or consumed solely outside this State. The
28 Director of Revenue shall, pursuant to rules adopted in
29 accordance with the Illinois Administrative Procedure Act,
30 issue a permit to any taxpayer in good standing with the
31 Department who is eligible for the exemption under this
32 paragraph (38). The permit issued under this paragraph (38)
33 shall authorize the holder, to the extent and in the manner
34 specified in the rules adopted under this Act, to purchase

1 tangible personal property from a retailer exempt from the
2 taxes imposed by this Act. Taxpayers shall maintain all
3 necessary books and records to substantiate the use and
4 consumption of all such tangible personal property outside of
5 the State of Illinois.

6 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01;
7 92-227, eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff.
8 8-23-01; 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680,
9 eff. 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03;
10 revised 9-11-03.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.